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SECOND EXTENSION OF THE SIXTH COUNTRY PROGRAMME FOR KENYA

Note by the Administrator

I. JUSTIFICATION

1. The sixth country programme for Kenya, covering the period 1994-1996, was approved by the Executive Board at its annual session 1994. The Government requested a one-year extension of the programme, which the Administrator granted and of which he informed the Board accordingly at its second regular session 1997. A programme evaluation was carried out in June 1997, which confirmed that the three programme areas (management of development process; capacity-building for improved governance; employment creation through small enterprises development (jua kali)) were confirmed as fully relevant to the attainment of the objectives outlined in Kenya's VIII National Development Plan (1997-2001), launched in December 1996.

2. The Government has requested a further one-year extension of the programme through December 1998. This will facilitate the harmonization of future UNDP programming within the context of the United Nations Development Assistance Framework. It will also facilitate the joint programming of the Joint Consultative Group on Policy (JCGP) members in Kenya, particularly the United Nations Children's Fund (UNICEF), the World Food Programme (WFP) and UNDP, whose programmes would then be scheduled to commence together in 1999. The programme extension will allow time for the preparation of the common country assessment in October 1997, and the United Nations Development Assistance Framework, which is expected to be completed in April 1998, the advisory note by June 1998 and the preparation of the first country cooperation framework (CCF) in late 1998.

3. During the sixth country programme, the decision was made to adopt the programme approach as well as national execution in Kenya. The formulation of national programme frameworks as well as UNDP programme support to them was a lengthy process. In addition, operational difficulties, which included the selection and hiring of national programme personnel, were encountered at the implementation stage. These problems led to significant delays in the implementation of UNDP support programmes. The additional one-year extension will enable UNDP to consolidate ongoing activities and to plan for new ones that will commence in 1999 under the first CCF.

II. OBJECTIVES

4. The theme of the current VIII National Development Plan is rapid industrialization for sustained growth. The plan identifies the main development challenges as stagnation in per capita income growth and a high level of absolute poverty. To achieve a significant reduction in unemployment and poverty, the economy will need to expand at an estimated 8.2 per cent for the next two and a half decades. To achieve this goal, the Government has launched an ambitious long-term industrialization plan for the reduction of poverty and the promotion of sustained growth in per capita income to the year 2020.

5. The VIII National Development Plan will contribute to the objective of industrialization by (a) strengthening sound governance and addressing issues such as transparency, accountability, including the examination of the impact of corruption on the pattern of public sector management and administration and socio-economic development; (b) improving fiscal and monetary policies, including the continued implementation of structural adjustment programmes and civil service reform; (c) strengthening the capabilities of Government; (d) ensuring human, infrastructural and institutional development for industrialization; and (e) as a short-term, cushioning measure, implementing the Social Dimensions of Development Programme (SDD).

6. The 1996 mid-term review and the evaluation of the sixth country programme suggest that the three programmes extend valuable support to strategic areas for the achievement of objectives outlined in the VIII Development Plan. To help to reduce the level of absolute poverty, UNDP will continue its support to (a) the formulation of the poverty action plan; (b) the operationalization of the SDD programme; (c) the establishment of a sustainable human development (SHD) database and data collection; (d) the finalization of pilot poverty eradication programmes in marginal districts; (e) the strengthening of financial and non-financial service providers for livelihood creation; and (f) the improvement of governance and participatory development.

7. The programme evaluation identified the need to expand current programme activities to respond to specific priority areas within the current development plan. The objective is to strengthen further the social and environmental sustainability of programmes, particularly as this promotes private sector development and sustainable livelihoods and improved environmental and agricultural management. Already under way are programme development activities utilizing the support to policy programme development modality, trust funds and

other funding windows to expand the present and future programme portfolio as a response to the government priorities.

III. PROGRAMME DESCRIPTION

8. The Management of the Development Process programme aims to contribute to an efficient and productive public sector that enables SHD and provides the policy framework within which the economy operates. The programme objective is strengthening of national capacity for rapid economic growth in the context of export-led industrialization, by improving capacity for effective financial management, improved public sector efficiency and policy coordination.

9. The Employment Creation through Small Enterprise Development (jua kali) programme comprises capacity-building for policy development, implementation and coordination as well as specific downstream activities as they relate to the private-sector-based expansion of livelihood opportunities for the poorest Kenyans. In particular, the programme is designed to strengthen non-governmental service providers in areas of market access/new products and new types of credit to marginal entrepreneurs. It is envisaged that the small-scale and jua kali enterprise programme will expand its market development component significantly and finalize an industry and environment component for implementation by 1998.

10. The Capacity-building for Improved Governance programme supports the aspects of improved governance and public sector management to provide an environment conducive to social and private sector development at all levels. The programme aims to build capacity for the implementation of legal reforms, including improved operation of the judicial process: strengthening of local government to enhance deregulation and participation; strengthening the electoral commission to enhance the environment for free and fair elections; and strengthening parliamentary committees to improve the quality of parliamentary debate.

11. The current institutionalization of the management structures for the three programmes has considerably improved policy formulation activities. The hiring of national programme advisers has improved effective coordination among the three programmes and linkages with stand-alone projects.

12. Among the activities to address core concerns of environmental and social sustainability are a Capacity 21-funded preparatory assistance programme and an International Labour Organization (ILO)-executed poverty eradication project, targeting three marginal districts in Kenya. The ILO project, when implemented, will provide data and lessons for subsequent work on the Social Dimensions of Development programme. The project aims at strengthening community-based groups for improved articulation of development needs as they relate to the sustainability of their livelihoods. Deliberate efforts are made, both for ongoing and anticipated programmes, to capitalize on the competitive advantages of the Africa 2000 Network and the Global Environmental Facility/Small Grants Programme with respect to community-based interventions.

13. A number of lessons can be drawn from the implementation of the programme approach. Among the most salient are: use of non-core funding to establish an active pipeline in order to sustain budget build-up; the importance of stakeholder involvement in the process of programme formulation for ownership and timely programme formulation; the positive impact of involvement of non-governmental entities as implementers of programme activities; and the suitability of the programme framework to produce data for policy formulation.

IV. RECOMMENDATION

14. The Administrator recommends that the Executive Board approve the extension of the sixth country programme for Kenya for a period of one year, through December 1998.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR KENYA (1997-1998)
(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated carry-over	4 989	
TRAC 1.1.1	6 986	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
TRAC 1.1.3	200	
Other resource	34	SPR
SPPD/STS	724	of which $181,000 is TSS1+TSS2 carry-over
Subtotal	12 933[a]	
NON-CORE FUNDS		
Government cost-sharing	-	
Sustainable development funds Capacity 21 GEF	1 047 of which: 140 907	
Third-party cost-sharing	1 369	
Funds, trust funds and other WID - Japan SIGA PDF	483 of which: 75 383 25	
Subtotal	2 899	
GRAND TOTAL	15 832[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: GEF = Global Environment Facility; SPPD = support for policy and programme development; STS = support for technical services; TRAC = target for resource assignment from the core; WID = women in development; SIGA = special initiative on governance in Africa and PDF = project development fund.